

Message Text

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67

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 IO-13 /099 W

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R 061102Z MAY 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8640

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A'

TAGS: EFIN, GW

SUBJECT: CHANCELLOR'S OFFICE DENIES PRESS STORY
REGARDING GERMAN AID PLAN FOR ITALY AND UK

1. THIS WEEK'S SPIEGEL CONTAINS A REPORT THAT
CHANCELLOR SCHMIDT WOULD LIKE TO PROVIDE LARGE SCALE
AID TO ITALY AND THE UK SIMILAR TO THAT PROVIDED BY
THE MARSHALL PLAN TO EUROPE AFTER 1945. ACCORDING
TO THE STORY, SCHMIDT IS THINKING IN TERMS OF
PROVIDING A LARGE CREDIT WITHOUT TIME LIMITATION
OUT OF THE FOREIGN EXCHANGE RESERVES WHICH THE
BUNDESBANK HOLDS IN US TREASURY BILLS. ACCORDING TO
THE ARTICLE, BUNDESBANK PRESIDENT KLASSEN IS REFUSING,
HOWEVER, TO HOLD POUNDS AND LIRA INSTEAD OF THE US
DOLLARS EVEN THOUGH THE AMERICANS HAVE LET IT BE KNOWN
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THAT THEY WOULD HAVE NO OBJECTION TO THE USE OF THESE

FUNDS TO HELP OTHER EUROPEAN GOVERNMENTS.

2. HISS, CHANCELLOR'S ECONOMIC ADVISOR, TELLS US THAT THERE IS NOTHING TO THIS STORY. WHILE IT IS TRUE THAT SCHMIDT HAS BEEN PARTICULARLY CONSCIOUS OF GERMANY'S RESPONSIBILITY AND SELF-INTEREST IN AIDING HER EC PARTNERS, NOTHING ALONG THE LINES OF THE SPIEGEL STORY HAS BEEN UNDER CONSIDERATION. PLANS TO AID ITALY INSTEAD HAVE FOCUSED ON THE EC MECHANISMS (SHORT-TERM ASSISTANCE, EC LOAN, ETC.). HISS WENT ON TO COMMENT THAT, IN ADDITION, THE NEW ITALIAN MEASURES ANNOUNCED YESTERDAY CREATED A NEW SITUATION WHICH HE IMPLIED WOULD MAKE THE FRG LESS INCLINED TO CONTRIBUTE TO FURTHER FINANCIAL ASSISTANCE.
HILLENBRAND

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